

IMPLEMENTATION AGREEMENT

for

CROWN PACIFIC LIMITED PARTNERSHIP

for the

HAMILTON TREE FARM

September 1999

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1.0 PARTIES

THIS IMPLEMENTATION AGREEMENT (the "Agreement") is entered into this ____ day of _____, 1999 by and between CROWN PACIFIC LIMITED PARTNERSHIP ("Crown Pacific"), a Delaware Limited Partnership; the UNITED STATES FISH AND WILDLIFE SERVICE (FWS); and the NATIONAL MARINE FISHERIES SERVICE (NMFS). In this Agreement, FWS and NMFS are collectively referred to as the "Services."

2.0 RECITALS AND PURPOSES

2.1 Recitals. The parties have entered into this Agreement in consideration of the following facts:

(a) That portion of Crown Pacific's Hamilton Tree Farm, located in Whatcom and Skagit Counties, Washington, covered by this habitat conservation plan (HCP) has been determined to provide, or potentially provide, habitat for the listed and unlisted species covered by the HCP and associated incidental take permit (Covered Species); and

(b) Crown Pacific has developed a series of measures, described in the HCP, to minimize and mitigate to the maximum extent practicable the effects of take of Covered Species incidental to Crown Pacific's Covered Activities; and

(c) In entering into this Agreement and undertaking implementation of the HCP and the incidental take permit provisions, Crown Pacific relies particularly on the "No Surprises" regulations in effect as of the date of this Agreement, referred to in various places throughout this Agreement.

2.2 Purposes. The purposes of this Agreement are:

(a) To contractually bind the parties to this Agreement, and to ensure implementation of each of the terms hereof, including the HCP incorporated herein;

(b) To describe remedies and recourse should any party fail to perform its obligations as set forth in this Agreement; and,

(c) To provide assurances to Crown Pacific that as long as the terms of the Permit, and this Agreement, including the HCP, are performed, no additional mitigation will be required of Crown Pacific with respect to Covered Species, except as provided

in this Agreement and the “No Surprises” rule of the Services in effect as of the date of this Agreement, and Mandated Modifications thereof. (See 50 CFR, Sections 17.22 and 17.32, and 50 CFR , Section 222.307(g)-(h)).

3.0 DEFINITIONS

The following terms as used in this Agreement will have the meanings set forth below:

3.1 In General. Terms used in this Agreement shall have the same meaning as similar terms in the Endangered Species Act (“ESA”), and regulations of the Services as such regulations exist as of the date of this Agreement and Mandated Modifications occurring thereafter, except to the extent this Agreement expressly provides otherwise.

3.2 “Agreement” means this Implementation Agreement, including the HCP, unless the context herein clearly indicates otherwise.

3.3 “Changed Circumstances” has the same meaning as it does under the “no surprises” regulations of the Services in effect as of the date of this Agreement and Mandated Modifications thereof. (See 50 CFR, Sections 17.22 and 17.32, and 50 CFR , Section 222.307(g)).

3.4 “Covered Activities” is in reference to those activities carried out by Crown Pacific on Covered Lands that may result in incidental take of listed Covered Species. Covered Activities means forest management activities, which, without limitation would include such activities as site preparation; tree planting; harvesting of timber; construction, maintenance, use of logging roads and landings; silvicultural treatment; quarrying stone and gravel for use on roads and landings; inventory and monitoring; construction of communications sites (such as towers for cellular telephones, and radio repeaters); recreational activities; fire prevention and suppression; habitat restoration; use of low flying aircraft; Native American Tribal access; certain military operations, and similar activities, all as more particularly described in subsection 2.5 of the HCP. This general description of activities is to be broadly construed. This description of activities is intended, without limitation, to include innovative new techniques, so long as protection under this HCP to Covered Species is not substantially diminished, as reasonably determined by the Services.

3.5 “Covered Lands” means the lands upon which the Permit authorizes incidental take of Covered Species and the lands to which the HCP's conservation and

mitigation measures apply. These lands are described in Appendix A of the HCP. In addition, the term “Covered Lands” shall include any lands added to the HCP under Subsection 12.1 of this Agreement, or by amendment of the HCP, and shall exclude any lands removed from coverage by the HCP through sale or other reasons, pursuant to Subsection 12.2 of this Agreement, or by amendment of the HCP.

3.6 “Covered Species” means all those listed and unlisted species identified in the HCP as covered by the HCP (see the attached Exhibit A, “Covered Species,” incorporated herein by this reference), each of which the HCP addresses in a manner sufficient to meet all of the criteria for issuing an incidental take permit under ESA, Subsection 10(a)(1)(B).

3.7 “HCP” means that habitat conservation plan prepared by Crown Pacific for that portion of its Hamilton Tree Farm constituting the Covered Lands, comprising approximately 84,689 acres located in Whatcom County and Skagit County, Washington. The legal description of the Covered Lands is contained in Appendix A of the HCP.

3.8 “Listed Species” means the same as it does under the ESA and regulations of the Services, as the ESA and regulations may be amended from time to time.

3.9 “Mandated Modification” means any modification to existing regulations of the Services, or either of them, adopted after the date hereof where such modification was required by (a) an Act of Congress enacted after the date hereof or (b) a final order of any federal court holding that but for such modification, compliance with or enforcement of such regulation by the Services would violate applicable law.

3.10 “Permit” means the incidental take permit issued by the Services to Crown Pacific pursuant the Subsection 10(a)(1)(B) of the ESA for take incidental to Covered Activities on Covered Lands, as such permit may be amended from time to time.

3.11 “Take” means the same as it does under the ESA.

3.12 “Unforeseen Circumstances” has the same meaning as it does under the “no surprises” regulations of the Services in effect as of the date of this Agreement and Mandated Modifications thereof. (See 50 CFR, Sections 17.22 and 17.32, and 50 CFR , Section 222.307(g).

4.0 OBLIGATIONS OF THE PARTIES

4.1 Obligations of the parties. The Services and Crown Pacific will fully and faithfully perform all obligations assigned to each under this Agreement including the HCP, and the Permit.

4.2 Issuance of Permit. Upon execution of this Agreement by all parties, and satisfaction of all other applicable legal requirements, the Services will issue Crown Pacific a permit under Subsection 10(a)(1)(B) of the ESA, authorizing incidental take by Crown Pacific of each listed Covered Species resulting from Covered Activities on Covered Lands.

4.2.1 Permit coverage. The Permit will identify all Covered Species. The Permit will take effect for listed Covered Species at the time the Permit is issued. Subject to compliance with all other terms of this Agreement, the Permit will take effect for an unlisted Covered Species upon the listing of such species.

4.2.2 “No surprises” assurances. Provided that Crown Pacific has complied with its obligations under the Permit, and this Agreement, including the HCP, the Services can require Crown Pacific to provide mitigation beyond that provided for in the HCP only under Unforeseen Circumstances, and only in accordance with the “no surprises” regulations in effect as of the date of this Agreement and Mandated Modifications thereof. See 50 C.F.R. Sections 17.22(b)(5), 17.32(b)(5), 222.307(g)-(h).

4.2.3 Migratory Bird Treaty Act. The Permit shall constitute a Special Purpose Permit under 50 C.F.R. Section 21.27, pursuant to the Migratory Bird Treaty Act (16 U.S.C. Section 703, et seq), for the take of all Covered Species identified at 50 C.F.R. Section 10.13, subject to the provisions and conditions of the Permit. The Special Use Permit under 50 C.F.R. Section 21.27 as herein described shall be renewed so as to remain in effect throughout the term and any extended term of this Agreement, provided Crown Pacific remains in compliance with the terms of the Permit, and this Agreement including the HCP. Each such renewal shall be valid for the maximum period allowable under the applicable regulations at the time of the renewal.

4.2.4 Bald and Golden Eagle Protection Act. The FWS shall not refer the incidental take of any bald eagle or golden eagle for prosecution under the Bald and

Golden Eagle Protection Act (16 U.S.C. Section 668), if such take is in compliance with the terms and conditions of the Permit.

5.0 INCORPORATION OF HCP

The HCP and each of its provisions are intended to be, and by this reference are, incorporated herein and the terms and provisions thereof are made a part of this Agreement. In the event of any direct contradiction between the terms of this Agreement and the HCP, the terms of this Agreement will control. In all other cases, the terms of this Agreement and the terms of the HCP will be interpreted to be supplementary to each other.

6.0 TERM

6.1 Initial term. This Agreement and the HCP will become effective on the date that the Services issue the Permit. The Services agree to issue the Permit contemporaneously with approving the HCP and signing this Agreement. This Agreement, the HCP, and the Permit will remain in effect for a period of 100 years from issuance of the Permit, except as provided below.

6.2 Permit suspension or revocation.

6.2.1 In general. The Services may suspend or revoke the permit for cause in accordance with the laws and regulations in force at the time of such suspension or revocation (see 5 U.S.C. § 558; 50 C.F.R. § § 13.27-13.29 and 222.306(e); 15 C.F.R. Part 904), except that the Services may revoke the permit based on a determination that the continuation of the permitted activity would be likely to jeopardize the continued existence of the covered species only if the Services have not been successful in remedying the situation in a timely fashion through other means, as provided in the No Surprises rule (50 C.F.R. § § 17.22, 17.32, and 222.307(g)).

6.2.2 Procedure for suspension or revocation. In the event of suspension or revocation of the Permit as to all Covered Species, Crown Pacific's obligations under the HCP and this Agreement will continue until required mitigation, if any, has been provided, as reasonably determined by the Services, at which time Crown Pacific's obligations under this Agreement and the HCP will terminate. In the event of suspension or revocation of the Permit as to one or more Covered Species, but less than all Covered Species, Crown Pacific's obligations under this Agreement and the

HCP will terminate only as to provisions primarily directed to protection of the affected species upon determination by the Services that take of Covered Species that occurred under the Permit has been adequately mitigated, and the Permit and this Agreement, including the HCP, will continue in force and effect as to all other Covered Species. In determining whether adequate mitigation has occurred, the Services shall base their decision on the best scientific and commercial data available (which data shall be peer reviewed to the extent practicable, upon the request of Crown Pacific), and will not decline to find adequate mitigation based solely on the possibility that future information might be developed or discovered which would support a contrary finding. Unless the parties agree otherwise, the Services may not require more mitigation than would have been provided if Crown Pacific had carried out the full term of the HCP. Crown Pacific reserves the right to challenge any finding of take by the Services, through any and all remedies available at law and in equity.

6.3 Relinquishment of the Permit.

6.3.1 In general. Crown Pacific may relinquish the Permit in accordance with the regulations of the Services in force on the date of such relinquishment. (These regulations are currently codified at 50 C.F.R. §§ 13.26, 220.31.) Crown Pacific may relinquish the Permit either as to specified Covered Species, Covered Lands, or Covered Activities, or may relinquish the entire Permit. Crown Pacific may relinquish the Permit as to some (but not all) Covered Lands only if the lands have been disposed of consistent with subsection 12.2 of this Agreement.

6.3.2 Procedure for relinquishment. If Crown Pacific elects to relinquish the Permit, in whole or in part, before expiration of the full term of the HCP, Crown Pacific will provide notice to the Services at least 120 days prior to the planned relinquishment. Such notice will include a status report detailing the mitigation provided for affected Covered Species prior to relinquishment, and the status of Crown Pacific's compliance with all other terms of the HCP. Within 120 days after receiving such notice and status report meeting the requirements of this paragraph, the Services will give notice to Crown Pacific stating whether any post-relinquishment mitigation is required for affected Covered Species, and, if so, the amount and terms of such mitigation, and the basis for the Services' conclusions. Crown Pacific's obligations under the HCP and this Agreement will continue until such required mitigation, if any, has been provided, as reasonably determined by the Services. Unless the parties agree otherwise, the Services may not require more mitigation than would have been provided if Crown Pacific had carried out the full term of the HCP.

In the event of relinquishment of the Permit as to all Covered Species, Crown Pacific's obligations under this Agreement and the HCP will terminate upon determination by the Services that take of Covered Species that occurred under the Permit has been adequately mitigated. In the event of relinquishment of the Permit as to one or more Covered Species, but less than all Covered Species, Crown Pacific's obligations under this Agreement and the HCP will terminate only as to provisions primarily directed to protection of the affected species upon determination by the Services that take of Covered Species that occurred under the Permit has been adequately mitigated, and the Permit and this Agreement, including the HCP, will continue in force and effect as to all other Covered Species. In determining whether adequate mitigation has occurred, the Services shall base their decision on the best scientific and commercial data available (which data shall be peer reviewed to the extent practicable, upon the request of Crown Pacific), and will not decline to find adequate mitigation based solely on the possibility of future information might be developed or discovered which would support a contrary finding. Unless the parties agree otherwise, the Services may not require more mitigation than would have been provided if Crown Pacific had carried out the full term of the HCP. Crown Pacific reserves the right to challenge any finding of take by the Services, through any and all remedies available at law and in equity.

6.4 Post Termination Mitigation. Upon relinquishment or revocation of the Permit, and consistent with all other provisions of this Section 6 relating to post termination mitigation, those factors set out in the attached Exhibit B, "Post Termination Mitigation Factors," incorporated herein by this reference, shall serve as guidelines to determining the appropriate mitigation to be imposed, and an indication of the nature and extent of mitigation anticipated under this Agreement, in the event of relinquishment or revocation.

6.5 Treatment of unlisted species. For purposes of paragraph 6.2, 6.3 and 6.4 hereof, unlisted covered species will be treated as though they were listed species in determining the amount of take and the mitigation required.

6.6 Extension of the Permit. Upon agreement of the parties and compliance with all applicable laws, the Permit may be extended beyond its initial term under regulations of the Services in force on the date of such extension. If Crown Pacific desires to extend the Permit, it will so notify the Services at least 180 days before the then current term is scheduled to expire. Extension of the Permit constitutes extension of the HCP and this Agreement for the same amount of time, subject to any modifications to which the parties may agree at the time of extension.

7.0 FUNDING

Crown Pacific warrants that it will provide such funds as may be necessary to fulfill its obligations under the HCP. Crown Pacific will promptly notify the Services of any material change in Crown Pacific's financial ability to fulfill its obligations. In addition to providing any such notice, Crown Pacific will provide the Services with a copy of its annual report each year of the Permit, or with such other reasonably available financial information that the parties agree will provide adequate evidence of Crown Pacific's ability to fulfill its obligations.

8.0 MONITORING AND REPORTING

8.1 Planned periodic reports. Crown Pacific will submit periodic reports as required in the HCP, concerning its implementation and results of the monitoring program described therein.

8.2 Other reports. Permittee will provide, within 30 days of being requested by the Services, any reasonable additional information in its possession or control related to implementation of the HCP that is requested by the Services for the purpose of assessing whether the terms and conditions of the permit and the HCP, including the HCP's adaptive management plan, are being fully implemented. No such request shall require Crown Pacific to perform more monitoring than that set out in the HCP.

8.3 Certification of reports. All reports will include the following certification from a responsible company official who supervised or directed preparation of the report.

I certify that, to the best of my knowledge, after appropriate inquiries of all relevant persons involved in the preparation of this report, the information submitted is true, accurate, and complete.

8.4 Monitoring by Services. The Services may conduct inspections and monitoring in connection with the Permit in accordance with their regulations in effect at the time of such inspections. (See 50 C.F.R. §§ 13.47, 220.47.)

9.0 CHANGED CIRCUMSTANCES

9.1 In general. The provisions of the "No Surprises" regulations in effect as of the date of this Agreement and Mandated Modifications thereof shall apply to

Changed Circumstances under this Agreement. (See 50 CFR, Sections 17.22 and 17.32, and 50 CFR , Section 222.307(g)-(h).

9.2 Crown Pacific initiated response to Changed Circumstances. Crown Pacific will give notice to the Services within fourteen days after learning that any of the Changed Circumstances listed in subsection 4.6 of the HCP has occurred. As soon as practicable thereafter, but no later than 30 days after learning of the Changed Circumstances, Crown Pacific will modify its activities in the manner described in Section 4 of the HCP to the extent necessary to mitigate the effects of the Changed Circumstances on Covered Species, and will report to the Services on its actions. Crown Pacific will make such modifications without awaiting notice from the Services. To the maximum extent practicable, the Services will allow Crown Pacific to conduct activities such as removal of previously felled and bucked timber, or damaged timber that will rapidly lose its value if not harvested.

9.3 Service initiated response to Changed Circumstances. If the Services determine that Changed Circumstances have occurred and that Crown Pacific has not responded in accordance with subsection 4.6 of the HCP, the Services will so notify Crown Pacific and will direct Crown Pacific to make the required changes. Within 30 days after receiving such notice, Crown Pacific will make the required changes and report to the Services on its actions. Such changes are provided for in the HCP, and hence do not constitute Unforeseen Circumstances or require amendment of the Permit or HCP. To the maximum extent practicable, the Services will allow Crown Pacific to conduct activities such as removal of previously felled and bucked timber, or damaged timber that will rapidly lose its value if not harvested.

10.0 UNFORESEEN CIRCUMSTANCES

See subsection 4.2.2 above, and subsection 4.7 of the HCP.

11.0 ADAPTIVE MANAGEMENT

Adaptive management measures will be implemented by Crown Pacific in accordance with subsection 6.1 of the HCP.

11.1 Crown Pacific initiated adaptive management. Crown Pacific will implement the adaptive management provisions in subsection 6.1 of the HCP as required therein without awaiting notice from the Services, and will report to the Services on any actions taken pursuant to said subsection.

11.2 Service initiated adaptive management. If the Services determine that one or more of the adaptive management provisions requiring implementation thereof by Crown Pacific have been triggered, and that Crown Pacific has not changed its management practices in accordance with said subsection, the Services will so notify Crown Pacific and will direct Crown Pacific to make the required changes. Within 30 days after receiving such notice, Crown Pacific will make the required changes and report to the Services on its actions. Such changes are provided for in the HCP, and hence do not constitute Unforeseen Circumstances or require amendment of the Permit or HCP, except as provided in this Section.

11.3 Reductions in mitigation. Crown Pacific will not implement adaptive management changes that may result in less mitigation than provided for Covered Species under the original terms of the HCP, unless the Services first provide written approval. Crown Pacific may propose any such adaptive management changes by notice to the Services, specifying the adaptive management modifications proposed, the basis for them, including supporting data, and the anticipated effects on Covered Species, and other environmental impacts. Within 120 days of receiving such a notice, the Services will either approve the proposed adaptive management changes, approve them as modified by the Services, or notify Crown Pacific that the proposed changes constitute permit amendments that must be reviewed under subsection 13.2 of this Agreement.

11.4 No increase in take. This Section does not authorize any modifications that would result in an increase in the amount and nature of take, or increase the impacts of take, of Covered Species beyond that analyzed under the original HCP and any amendments thereto. Any such modification must be reviewed as a permit amendment under subsection 13.2 of this Agreement.

12.0 LAND TRANSACTIONS

12.1 Acquisition of land by Crown Pacific. Nothing in this agreement, the HCP, or the Permit limits Crown Pacific's right to acquire additional lands. Any lands that may be acquired will not be covered by the Permit except upon amendment of the Permit as provided in subsection 13.2 of this Agreement, unless the Services determine that the amount of land to be transferred does not, together with any land previously acquired under this exception, exceed 5% of the area of the Covered Lands at the time this Agreement takes effect, and will not have a material impact on the ability of Crown Pacific to comply with the requirements of the HCP and the terms and conditions of the Permit. Upon addition of such lands which do not require

amendment of the Permit, such lands shall be considered Covered Lands; the Permit and this Agreement, including the HCP, shall apply to such additional lands; Crown Pacific shall manage the lands accordingly; and such acquisitions shall be considered Minor Modifications pursuant to subsection 13.1 of this Agreement.

12.2 Disposal of land by Crown Pacific. Crown Pacific, at its sole discretion, may transfer title to Covered Lands by sale, exchange or any other means, and in that event:

(a) The following dispositions by Crown Pacific of Covered Lands shall be considered Minor Modifications, as provided in subsection 13.1 of this Agreement:

(i) The land will be transferred to a recipient who has agreed to be bound by the HCP and this Agreement as they apply to the transferred lands, who demonstrates sufficient financial resources to adequately fund its affirmative obligations under the HCP, and who otherwise meets the requirements of applicable permit regulations. Upon request of the transferee, the Services will issue an incidental take permit to the transferee covering the transferred land, subject to applicable laws and regulations in effect at the time of transfer.

(ii) The land will be transferred to a non-federal entity that has entered into an agreement acceptable to the Services, granted a conservation easement acceptable to the Services, or by other means acceptable to the Services, has provided assurances that the lands will be managed in such a manner and for such duration so as not to compromise the effectiveness of the HCP.

(iii) The land will be transferred to an agency of the federal government where, prior to transfer, the Services have determined that transfer will not compromise the effectiveness of the HCP based on adequate commitments by that agency regarding management of such land.

(iv) The land to be transferred, together with any land previously disposed of under this exception, is determined by the Services not to exceed 5% of the area of the Covered Lands at the time this Agreement takes effect, and will not have a material impact on the ability of Crown Pacific to comply with the requirements of the HCP and the terms and conditions of the Permit. Upon disposition of such lands which do not require amendment of the Permit, such lands no longer shall be considered Covered Lands, and the Permit and this Agreement, including the HCP, shall remain unchanged except they shall no longer apply to such lands.

In the event of disposal in accordance with (l) through (v) of this subsection (a), Crown Pacific will be deemed to be in continuing compliance with this Agreement, including the HCP, with respect to such disposed lands.

(b) Dispositions by Crown Pacific of Covered Lands not included in subsections (a)(i)-(v), above, shall require Amendment of the Permit pursuant to subsection 13.2 of this Agreement.

13.0 MODIFICATIONS AND AMENDMENTS

13.1 Minor Modifications.

(a) Any party may propose Minor Modifications to the HCP or this Agreement by providing notice to all other parties. Such notice shall include a statement of the reason for the proposed modification and an analysis of its environmental effects, including its effects on operations under the HCP and on Covered Species. The parties will use best efforts to respond to proposed modifications within 60 days of receipt of such notice. Proposed modifications will become effective upon all other parties' written approval. If, for any reason, a receiving party objects to a proposed modification, it must be processed as an amendment of the Permit in accordance with subsection 13.2 of this Section. The Services will not propose or approve Minor Modifications to the HCP or this Agreement if the Services determine that such modifications would result in operations under the HCP that are significantly different from those analyzed in connection with the original HCP, adverse effects on the environment that are new or significantly different from those analyzed in connection with the original HCP, or additional take not analyzed in connection with the original HCP.

(b) Minor Modifications to the HCP and IA processed pursuant to this subsection may include but are not limited to the following:

- (1) Corrections of typographic, grammatical, and similar editing errors that do not change the intended meaning.
- (2) Correction of any maps or exhibits to correct errors in mapping or to reflect previously approved changes in the Permit or HCP.
- (3) Minor changes to survey, monitoring or reporting protocols.

(4) Land acquisitions and dispositions designated as Minor Modifications in Section 12 of this Agreement.

(c) Modifications to the HCP or IA not meeting the criteria of this subsection will be processed as amendments of the Permit in accordance with subsection 13.2 of this Section.

13.2 Amendment of the Permit. The Permit may be amended in accordance with all applicable legal requirements, including but not limited to the ESA, the National Environmental Policy Act, and the Services' permit regulations in effect at the time of the amendment. The party proposing the amendment shall provide a statement of the reasons for the amendment and an analysis of its environmental effects, including its effects on operations under the HCP and on Covered Species.

14.0 REMEDIES, ENFORCEMENT, AND DISPUTE RESOLUTION

14.1 In general. Except as set forth below, each party shall have all remedies, at law and in equity, otherwise available to enforce the terms of the Permit, and this Agreement including the HCP.

14.2 No monetary damages. No party shall be liable in damages to any other party or other person for any breach of this Agreement, any performance or failure to perform a mandatory or discretionary obligation imposed by this Agreement or any other cause of action arising from this Agreement.

14.3 Enforcement authority of the United States. Nothing contained in this Agreement is intended to limit the authority of the United States government to seek civil or criminal penalties or otherwise fulfill its enforcement responsibilities under the ESA or other applicable law.

14.4 Dispute resolution. The parties recognize that disputes concerning interpretation of, implementation of, compliance with, termination of, or other disputes involving this Agreement, the HCP, or the Permit may arise from time to time. The parties agree to work together in good faith to resolve such disputes, using the informal dispute resolution procedures set forth in this subsection and in Exhibit B, attached, or such other procedures upon which the parties may later agree. However, if at any time any party determines that circumstances so warrant, it may seek any available remedy without waiting to complete informal dispute resolution.

14.4.1 Informal dispute resolution process. Unless the parties agree upon another dispute resolution process, or unless an aggrieved party has initiated administrative proceedings or suit in federal court as provided in this subsection, the parties may use the following process to attempt to resolve disputes:

(a) The aggrieved party will notify the other parties of the provision that may have been violated, the basis for contending that a violation has occurred, and the remedies it proposes to correct the alleged violation.

(b) The party alleged to be in violation will have 30 days, or such other time as may be agreed, to respond. During this time it may seek clarification of the information provided in the initial notice. The aggrieved party will use its best efforts to provide any information then available to it that may be responsive to such inquiries.

(c) Within 30 days after such response was provided or was due, representatives of the parties having authority to resolve the dispute will meet and negotiate in good faith toward a solution satisfactory to all parties, or will establish a specific process and timetable to seek such a solution.

(d) If any issues cannot be resolved through such negotiations, the parties will consider non-binding mediation and other alternative dispute resolution processes and, if a dispute resolution process is agreed upon, will make good faith efforts to resolve all remaining issues through that process.

15.0 MISCELLANEOUS PROVISIONS

15.1 No partnership. Neither this Agreement nor the HCP shall make or be deemed to make any party to this Agreement the agent for or the partner of any other party.

15.2 Notices. Any notice permitted or required by this Agreement shall be in writing, delivered personally to the persons listed below, or shall be deemed given five (5) days after deposit in the United States mail, certified and postage prepaid, return receipt requested and addressed as follows, or at such other address as any party may from time to time specify to the other parties in writing. Notices may be delivered by facsimile or other electronic means, provided that they are also delivered personally or by certified mail. Notices shall be transmitted so that they are received within the specified deadlines.

Anne Badgley
Regional Director
United States Fish and Wildlife Service
911 NE 11th Ave.
Portland, Oregon 97232-4181
Telephone: 503-231-6159
Telefax: 503-231-2019

William Stelle, Jr.
Regional Administrator
National Marine Fisheries Service
7600 Sand Point Way NE
Seattle, Washington 98115-0070
Telephone: 206-526-6150
Telefax: 206-526-6426

Peter W. Stott, President & CEO
Crown Pacific Limited Partnership
121 SW Morrison Street, Suite 1500
Telephone: 503-274-2300
Telefax: 503-228-4875

15.3 Entire agreement. This Agreement, together with the HCP and the Permit, constitutes the entire agreement among the parties. It supersedes any and all other agreements, either oral or in writing, among the parties with respect to the subject matter hereof and contains all of the covenants and agreements among them with respect to said matters, and each party acknowledges that no representation, inducement, promise or agreement, oral or otherwise, has been made by any other party or anyone acting on behalf of any other party that is not embodied herein.

15.4 Elected officials not to benefit. No member of or delegate to Congress shall be entitled to any share or part of this Agreement, or to any benefit that may arise from it.

15.5 Availability of funds. Implementation of this Agreement and the HCP by the Services is subject to the requirements of the Anti-Deficiency Act and the availability of appropriated funds. Nothing in this Agreement will be construed by the parties to require the obligation, appropriation, or expenditure of any money from the U.S. Treasury. The parties acknowledge that the Services will not be required under

this Agreement to expend any federal agency's appropriated funds unless and until an authorized official of that agency affirmatively acts to commit to such expenditures as evidenced in writing. If appropriated funds are not available, the Services shall pursue in a timely manner all other available means, and other alternative methods of mitigation or adjustment, to achieve the objective for which funds are needed.

15.6 Duplicate originals. This Agreement may be executed in any number of duplicate originals. A complete original of this Agreement shall be maintained in the official records of each of the parties hereto.

15.7 No third-party beneficiaries. Without limiting the applicability of rights granted to the public pursuant to the ESA or other federal law, this Agreement shall not create any right or interest in the public, or any member thereof, as a third-party beneficiary hereof, nor shall it authorize anyone not a party to this Agreement to maintain a suit for personal injuries or damages pursuant to the provisions of this Agreement. The duties, obligations, and responsibilities of the parties to this Agreement with respect to third parties shall remain as imposed under existing law.

15.8 Relationship to the ESA and other authorities. The terms of this Agreement shall be construed in accordance with the ESA and applicable federal law. In particular, nothing in this Agreement is intended to limit the authority of the Services to seek penalties or otherwise fulfill their enforcement responsibilities under the ESA. Moreover, nothing in this Agreement is intended to limit or diminish the legal obligations and responsibilities of the Services as agencies of the federal government. Nothing in this Agreement will limit the right or obligation of any federal agency to engage in consultation required under Section 7 of the ESA or other federal law; however, it is intended that the rights and obligations of Crown Pacific and the Services under this Agreement, including the HCP, will apply in any consultation affecting Crown Pacific's use of the Covered Lands.

15.9 Applicable laws. All activities undertaken pursuant to this agreement, including the HCP, or the permit must be in compliance with all applicable state and federal laws and regulations.

15.10 Successors and assigns. This Agreement and each of its provisions shall be binding on and shall inure to the benefit of the parties and their respective successors and assigns. Assignment or other transfer of the Permit shall be governed by the Services' regulations as from time to time they may be amended; under the

regulations in force on the effective date of this Agreement, a permit issued under ESA Subsection 10(a) may not be assigned or otherwise transferred.

IN WITNESS WHEREOF, THE PARTIES HERETO have executed this Implementation Agreement to be in effect as of the date that the Services issue the Permit.

BY _____ Date _____
Anne Badgley
Regional Director
United States Fish and Wildlife Service
Portland, Oregon

BY _____ Date _____
William Stelle, Jr.
Regional Administrator
National Marine Fisheries Service
Seattle, Washington

CROWN PACIFIC LIMITED PARTNERSHIP

BY _____ Date _____
Peter W. Stott, President & CEO

EXHIBIT A

COVERED SPECIES

FISH:

Chinook salmon	<i>Oncorhynchus tshawytscha</i>
Coho salmon	<i>Oncorhynchus kisutch</i>
Chum salmon	<i>Oncorhynchus keta</i>
Sockeye salmon	<i>Oncorhynchus nerka</i>
Pink salmon	<i>Oncorhynchus gorbuscha</i>
Steelhead trout	<i>Oncorhynchus mykiss</i>
Coastal cutthroat trout	<i>Oncorhynchus clarki clarki</i>
Bull trout	<i>Salvelinus confluentus</i>
Dolly Varden	<i>Salvelinus malma</i>

AMPHIBIANS:

Tailed frog	<i>Ascaphus truei</i>
Cascades frog	<i>Rana cascadae</i>
Western toad	<i>Bufo boreas</i>

BIRDS:

Harlequin duck	<i>Histrionicus histrionicus</i>
Bald eagle	<i>Haliaeetus leucocephalus</i>
Golden eagle	<i>Aquila chrysaetos</i>
Northern goshawk	<i>Accipiter gentilis</i>
Peregrine falcon	<i>Falco peregrinus</i>
Marbled murrelet	<i>Brachyramphus marmoratus</i>
Northern spotted owl	<i>Strix occidentalis caurina</i>
Vaux's swift	<i>Chaetura vauxi</i>
Pileated woodpecker	<i>Dryocopus pileatus</i>
Olive-sided flycatcher	<i>Contopus borealis</i>

MAMMALS:

Pacific Townsend's big-eared bat	<i>Corynorhinus townsendii townsendii</i>
Grizzly bear	<i>Ursus arctos</i>
American marten	<i>Martes americana</i>
Pacific fisher	<i>Martes pennanti pacifica</i>
California wolverine	<i>Gulo gulo luteus</i>
Gray wolf	<i>Canis lupus</i>

EXHIBIT B

POST TERMINATION MITIGATION

The Covered Species are divided into three categories for post termination mitigation (PTM): 1) Category I specifies which species will not require any PTM; 2) Category II specifies those species that may be subject to PTM but the PTM is temporally limited or limited to specific Covered Activities; 3) Category III specifies those Covered Species for which the need for PTM will be determined at the time of termination or revocation. Individual species may be listed under more than one category. For example, if the grizzly bear has not been determined to consistently use habitat in the same geographical area as the Covered Lands at the time of termination or revocation, it will be considered a Category I Covered Species. However, if the grizzly has been determined to consistently use habitats in the same geographical area as the Covered Lands at the time of termination or revocation, it will be treated as a Category II Covered Species. Covered Species that are listed under Category III may also be listed under Category II for specified Covered Activities. Therefore, PTM determined at the time of termination or revocation for Category III Covered Species will only be subject to those Covered Activities that are not addressed under Category II.

Category I Covered Species

Western Toad
Harlequin duck
Bald eagle
Golden eagle
Northern goshawk
Peregrine falcon

Olive-sided flycatcher
Pacific Townsend's big-eared bat
Grizzly bear (if not known to consistently use the area)
California wolverine
Gray wolf

Species within Category I are not disproportionately effected by implementation of the HCP relative to the minimization and mitigation measures provided in the plan. Most of these species will directly benefit from disturbance avoidance measures throughout the term of the permit and habitat conditions for these species will remain relatively constant or improve during the term of the ITP. For these species, if upon termination or revocation of the ITP Crown Pacific is in compliance with the terms of this agreement, Crown Pacific will have no further obligations in regard to Category I Covered Species under the ESA for impacts that may have occurred under the term of the ITP.

Category II Covered Species

Pileated woodpecker
Vaux's swift

American marten
Pacific Fisher

The above species require sub-mature or older habitat with large snags and interior forest. The impacts of the management under the HCP may exceed the mitigation until year 50 under the HCP. Therefore, if termination or revocation of the ITP occurs before year 50 of the HCP, Crown Pacific will continue any or all of the management measures provided in the HCP that protect existing snags, retain live recruitment trees, and create snags until year 50 as the Services may reasonably determine are required to fully mitigate any incidental take of the above Category II Covered Species. The Service's determination will be in writing and will be based on the best scientific and commercial data then available (data will be peer reviewed to the extent practicable). The Services will not decline to find that Crown Pacific's compliance with the HCP and this agreement would result in Crown Pacific having fully mitigated for any incidental take based solely on the possibility that in the future information may be developed or discovered which would support a contrary finding. The Services will determine the level of take based on the impacts to the species that occurred as a result of implementing the HCP prior to its termination or revocation. In assessing the level of incidental take of the above Category II Covered Species, only the kind of actions constituting "take" under the ESA shall be considered.

If termination or revocation of the ITP occurs after year 50 of the plan and Crown Pacific is in compliance with the terms of this agreement, Crown Pacific will have no further obligations in regard to Category II Covered Species under the ESA for impacts that may have occurred under the term of the ITP.

Grizzly bear (if known to consistently use the area)

If the grizzly bear is confirmed by the USFWS to consistently use habitats in the same geographical area as the Covered Lands, seasonal restrictions on commercial harvest would be implemented during 3 years out of any 5-year period (Measure 4.4-19 in the HCP), and motorized public access would be restricted at all times of the year (Measure 4.4-18 in the HCP). Therefore, if termination or revocation of the ITP occurs after grizzly bears are confirmed to consistently use the same geographical area and Measure 4.4-19 has been implemented in specified WAUs, Crown Pacific will continue implementing management Measures 4.4-18 and 4.4-19 for up to three years or until

commercial harvest could have been conducted within the WAU, if the HCP had not been terminated or revoked, which ever is shorter.

If termination or revocation of the ITP occurs and the grizzly bear has not been confirmed by the USFWS to consistently use habitats in the same geographical area as the Covered Lands, and Crown Pacific is in compliance with the terms of this agreement, Crown Pacific will have no further obligations in regard to the grizzly bear under the ESA for impacts that may have occurred under the term of the ITP.

Chinook salmon
Coho salmon
Chum salmon
Sockeye salmon

Pink salmon
Steelhead trout
Coastal cutthroat trout

Bull trout/Dolly Varden
Tailed frog
Cascades frog

One of the primary impacts to Category II Covered Species listed above is increased sediments in streams, lakes, and wetlands. Under the HCP, Crown Pacific will review all of its roads and correct maintenance problems within the first 7 years of the HCP. Therefore, if termination or revocation of the ITP occurs within the first 7 years of the HCP, Crown Pacific will complete the road inventory and correction of maintenance problems identified during the inventory.

If termination or revocation of the ITP occurs after year 7 of the HCP, and Crown Pacific is in compliance with the terms of this agreement, Crown Pacific will have no further obligations in regard to road review and maintenance for the above Category II Covered Species under the ESA for impacts that may have occurred under the term of the ITP.

Category III Covered Species

Chinook salmon
Coho salmon
Chum salmon
Sockeye salmon

Pink salmon
Steelhead trout
Coastal cutthroat trout
Bull trout/Dolly Varden

Tailed frog
Cascades frog
Marbled murrelet
Northern spotted owl

Species are included as Category III Covered Species for one of two reasons. First, operation of the tree farm will continue to influence water quality throughout the term of the HCP. Therefore, implementing the HCP will effect habitat of aquatic species (salmonids and amphibians) and some of the management is not expected to significantly influence habitat conditions during the early years of the HCP period.

Second, spotted owls and marbled murrelets will be disproportionately effected in the early years of the HCP. Individuals of these species will be protected during the breeding season throughout the term of the permit, but potentially suitable habitat will decline for both species either across the landscape (marbled murrelets) or in proximity to known occupied areas (spotted owls). The effects of this habitat loss have been minimized for marbled murrelets by protecting the majority of the potentially suitable habitat on the Covered Lands from harvest and controlling the rate at which the remaining habitat is harvested, and for spotted owls by limiting the number of sites impacted by the habitat loss. Improved forest habitat conditions for these species will be developing over the term of the HCP. Therefore, if termination or revocation of the ITP occurs, Crown Pacific will continue providing such minimization and mitigation measures provided in the HCP as the Services may reasonably determine are required to fully mitigate any incidental take of Category III Covered Species that may have occurred during the term of the permit. The Service's determination will be in writing and will be based on the best scientific and commercial data then available (data will be peer reviewed to the extent practicable). The Services will not decline to find that Crown Pacific's compliance with the HCP and this agreement would result in Crown Pacific having fully mitigated for any incidental take based solely on the possibility that in the future information may be developed or discovered which would support a contrary finding. The Services will determine the level of take based on the impacts to the species that occurred as a result of implementing the HCP prior to its termination or revocation. In assessing the level of incidental take of Category III Covered Species, only the kinds of actions constituting "take" under the ESA shall be considered.